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DE RUEHNK #0365 0901549

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FM AMEMBASSY NOUAKCHOTT

TO RUEHC/SECSTATE WASHDC PRIORITY 5314

INFO RUEHBY/AMEMBASSY CANBERRA PRIORITY 0250

RUEHBAD/AMCONSUL PERTH PRIORITY 0214

RHMFIS/CDR USEUCOM VAIHINGEN GE

RUEHZK/ECOWAS COLLECTIVE

RUCNISL/ISLAMIC COLLECTIVE

RUEAIIA/CIA WASHDC

RUEKDIA/DIA WASHDC

RUEHNO/USMISSION USNATO 0162

RUCPDOC/USDOC WASHDC

C O N F I D E N T I A L NOUAKCHOTT 000365

SIPDIS

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STATE FOR AF/W; AF/EPS (A. ADLER, J. HAENI)

EB/ESC/IEC(K. RIOS)

E"//BB DD WINSTEAD)

4510/IEP/ANESA/OA/PMICHELINI

6930/ITA/MAS/MFG/OEEI/ABRICKMAN

DAKAR FOR RSCO CGRIFFIN

E.O. 12958: DECL: 03/30/2016

TAGS: BBSR EINV EPET ECON EFIN MR

SUBJECT: DISPUTE ENDS BETWEEN MAURITANIA AND WOODSIDE

REF: A. NOUAKCHOTT 00330

1B. NOUAKCHOTT 00170

1C. NOUAKCHOTT 00111

Classified By: Amb. Joseph LeBaron, Reason 1.4 (b),(d)

1.(U) During separate press conferences on the night of March 30, Colonel Fal and Prime Minister Sidi Mohamed Ould Boubacar formally announced to the country that the dispute with Woodside had ended. A Woodside press release dated March 31 confirms that the two parties "have reached an agreement in principle to settle the dispute." Meanwhile, former Minister of Oil and Energy Zeidane Ould H'meyda, who was charged with fraud relating to the Woodside dispute, was released from jail late last night by the Mauritanian government.

12. (U) Boubacar's statement went into some detail about the agreement. Woodside will pay Mauritania a USD 100 million "bonus" 14 days after a new production sharing contract is signed. Woodside will also pay an additional USD 1 million a year into an environmental fund. Finally, Mauritania will also receive a greater share of profit on sale of oil above USD55 per barrel, Boubacar announced.

13. (U) In his speech, Boubacar said that the four production sharing contract amendments which the government had accused the former oil minister of fraudulently signing were "suspended and will be cancelled" after a new contract is signed based on the agreement reached.

14. (C) Woodside's Corporate Affairs Manager Brendan Augustin declined to provide specifics to Embassy Economic Officer Ghildyal on the agreement other than to confirm Boubacar's announcement. But he said Woodside was not "happy with the amount of disclosure in the Prime Minister's speech." He indicated that there were other parts of the settlement favorable to Woodside which the Prime Minister did not mention, giving the false impression, according to Augustin, that Woodside gave in completely to the government's position.

15. (C) Augustin said, however, that Woodside is "happy with

the outcome and it gives us a base to continue working and we see this as a genuine agreement," but he added "we are not happy with the way the Mauritanians have handled the entire situation publicly." Woodside's head of operations in Mauritania, John Ozturgut, was outside the country and unavailable for comment.

Comments

¶6. (C) Embassy will report additional details as they become available. It is unlikely, however, that either side will make available the text of the new agreement.

¶7. (C) This new agreement appears to be a significant win for the Mauritanians. Beyond the USD 100 million "bonus" for the Mauritanians and other benefits, the new agreement will strengthen the broad popular support the junta and transitional government already enjoy throughout much of the country.

LeBaron